

# HOUSE BILL No. 1363

## DIGEST OF INTRODUCED BILL

### Citations Affected: IC 6-3-9

**Synopsis:** Renewable energy tax credit. Provides that a taxpayer who owns an existing building or purchases a new building is entitled to a credit against the taxpayer's state tax liability if the taxpayer installs a qualified energy system in a building located in Indiana. Defines "qualified energy system" to include solar energy systems, geothermal systems, hydroelectric systems, and certain energy conservation measures. Provides that in the case of a qualified energy system installed in a single family dwelling, the amount of the credit equals the lesser of: (1) \$3,000; or (2) 25% of the costs of the qualified energy system and its installation. Provides that in the case of a qualified energy system installed in a building that is not a single family dwelling, the amount of the credit equals the lesser of: (1) \$10,000; or (2) 25% of the costs of the qualified energy system and its installation. Provides that any amount of the credit that exceeds a taxpayer's state tax liability for a taxable year may be carried forward to succeeding taxable years. Requires the department of commerce to adopt rules for determining if an energy system is a qualified energy system. Requires a taxpayer to obtain a qualified energy system certificate from the department of commerce in order to claim the credit for a particular energy system.

**Effective:** Upon passage; January 1, 2002.

**Ruppel**

January 11, 2001, read first time and referred to Committee on Ways and Means.



C  
o  
p  
y

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## HOUSE BILL No. 1363

---

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-3-9 IS ADDED TO THE INDIANA CODE AS  
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2002]:

4 **Chapter 9. Energy System Credits**

5 **Sec. 1.** As used in this chapter, "energy device" means  
6 equipment designed primarily for the collection, transfer,  
7 distribution, storage, or control of solar or wind energy, but not  
8 those parts of a heating, cooling, or electric supply system that  
9 would be required regardless of the energy source being used.

10 **Sec. 2.** As used in this chapter, "home builder" means a person  
11 who:

12 (1) constructs; or  
13 (2) causes to be constructed;  
14 homes for the purpose of reselling them to others.

15 **Sec. 3. (a)** As used in this chapter, "qualified energy system"  
16 means only those energy devices that are:

17 (1) installed after December 31, 2001; and



C  
o  
p  
y

(2) used in an energy producing system for the purpose of space heating or cooling, water heating, or generating electricity.

(b) The term includes the following:

(1) Active thermal systems that use solar devices thermally isolated from the living space to provide for the collection, storage, and distribution of solar energy for heating or cooling.

(2) Passive thermal systems that are not augmented by mechanical components and that use the structural elements of the building to provide for the collection, storage, and distribution of solar energy for heating or cooling.

(3) Semipassive thermal systems that use the structure of a building and are augmented by mechanical components to provide for the collection, storage, and distribution of solar energy for heating or cooling.

(4) Energy conservation measures applied in conjunction with a solar or wind energy device to increase the efficiency of the energy device.

(5) Geothermal systems that are designed to use the natural heat from the earth to provide hot water, produce electricity, or generate heating or cooling.

(6) Hydroelectric power systems that are designed to use the kinetic power of moving water to provide mechanical energy or to produce electricity.

Sec. 4. As used in this chapter, "state tax liability" has the meaning set forth in IC 6-3.1-5-2.

Sec. 5. As used in this chapter, "taxpayer" means any person, corporation, partnership, or other entity that is subject to the taxes imposed by the following statutes:

(1) IC 6-2.1 (the gross income tax).

(2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax).

(3) IC 6-3-8 (the supplemental net income tax).

(4) IC 6-5-10 (the bank tax).

(5) IC 6-5-11 (the savings and loan association tax).

(6) IC 6-5.5 (the financial institutions tax).

(7) IC 27-1-18-2 (the insurance premiums tax).

Sec. 6. (a) A taxpayer who is:

(1) the owner of an existing building; or

(2) the purchaser of a new building;

that is located in Indiana and in which a qualified energy system is installed is entitled to a credit against the taxpayer's state tax

C  
o  
p  
y



liability for the year during which the qualified energy system is installed.

(b) Except as provided in subsection (c), the amount of the credit a taxpayer is entitled to under this chapter is determined in STEP THREE of the following formula:

STEP ONE: Add:

(A) the costs paid by the taxpayer for the qualified energy system; to

(B) the amount paid for its installation and the materials used in its installation.

STEP TWO: Reduce the amount determined under STEP ONE by any amounts that the taxpayer received as a grant from any public entity for installing the qualified energy system.

STEP THREE: Determine the lesser of:

(A) three thousand dollars (\$3,000); or

(B) the amount determined under STEP TWO multiplied by twenty-five hundredths (0.25).

(c) This subsection applies if the qualified energy system is installed in a building that is not a single family dwelling. The amount of the credit that a taxpayer is entitled to under this chapter is determined in STEP THREE of the following formula:

STEP ONE: Add:

(A) the costs paid by the taxpayer for the qualified energy system; to

(B) the amount paid for its installation and the materials used in its installation.

STEP TWO: Reduce the amount determined under STEP ONE by any amounts that the taxpayer received as a grant from any public entity for installing the qualified energy system.

STEP THREE: Determine the lesser of:

(A) ten thousand dollars (\$10,000); or

(B) the amount determined under STEP TWO multiplied by twenty-five hundredths (0.25).

Sec. 7. (a) The amount of the credit provided by this chapter that a taxpayer uses during a particular taxable year may not exceed the taxpayer's state tax liability for that taxable year. If the credit provided by this chapter exceeds a taxpayer's state tax liability for the taxable year for which it is first claimed, then the excess may be carried over to succeeding taxable years and used as a credit against the taxpayer's state tax liability for those taxable

C  
o  
p  
y



years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. The credit provided by this chapter may be carried over until it is completely used.

(b) If a credit is carried over and used in a later taxable year under subsection (a), the taxpayer claiming the credit must provide the department with proof that the taxpayer is entitled to the carryover amount.

Sec. 8. Except in the case of a husband and wife filing a joint return, if there is more than one (1) taxpayer who owns a building for which a qualified energy system is installed, each taxpayer may use the credit provided by this chapter in proportion to the taxpayer's ownership interest in the building. In the case of a husband and wife who own a building jointly and who file separate tax returns, each may claim the credit in equal shares or either of them may claim the entire credit.

Sec. 9. If an energy device is used in conjunction with two (2) or more qualified energy systems, the credit allowed under this chapter for the energy device may be:

- (1) claimed for any one (1) of the qualified energy systems; or
- (2) divided equally among all of the qualified energy systems.

Sec. 10. A home builder may not claim a credit under this chapter for the installation of a qualified energy system in a home that the home builder has constructed for sale or has caused to be constructed for sale. However, the original purchaser of the home may claim the credit under this chapter. The original purchaser must first claim the credit for the taxable year during which the purchaser acquires legal title to the home.

Sec. 11. (a) Except as provided in subsection (b), the department shall adopt rules under IC 4-22-2 to implement this chapter.

(b) The department of commerce shall adopt rules for determining performance and quality standards for determining if an energy system is a qualified energy system.

Sec. 12. (a) In order to claim the credit allowed under this chapter for a particular energy system, the taxpayer must first file an application for a qualified energy system certificate with the department of commerce. The department of commerce shall prescribe the form and contents of the application.

(b) Upon receipt of an application filed under subsection (a), the department of commerce shall determine whether the energy system in question is a qualified energy system. If the department



1 of commerce determines that the energy system is a qualified  
2 energy system, the department of commerce shall issue a qualified  
3 energy system certificate to the applicant.

4 **Sec. 13.** To obtain the credit allowed under this chapter, the  
5 taxpayer must file with the department:

6 (1) proof of the taxpayer's costs for the purchase and  
7 installation of the qualified energy system;

8 (2) a list of the persons or corporations that supplied labor or  
9 materials for the installation; and

10 (3) a qualified energy system certificate issued by the  
11 department of commerce under section 12 of this chapter.

12 **Sec. 14.** This chapter expires January 1, 2011. However, any  
13 portion of the credit that is carried forward to succeeding tax years  
14 may be claimed until the total amount of the credit is used in the  
15 manner provided by section 7 of this chapter.

16 **SECTION 2.** [EFFECTIVE JANUARY 1, 2002] IC 6-3-9, as added  
17 by this act, applies to taxable years beginning after December 31,  
18 2001.

19 **SECTION 3.** [EFFECTIVE UPON PASSAGE] (a) The department  
20 of commerce shall adopt the rules required:

21 (1) under IC 6-3-9-11, as added by this act; and

22 (2) for determining whether an energy system is a qualified  
23 energy system;

24 not later than December 31, 2001.

25 (b) This SECTION expires December 31, 2002.

26 **SECTION 4.** An emergency is declared for this act.

C  
o  
p  
y

